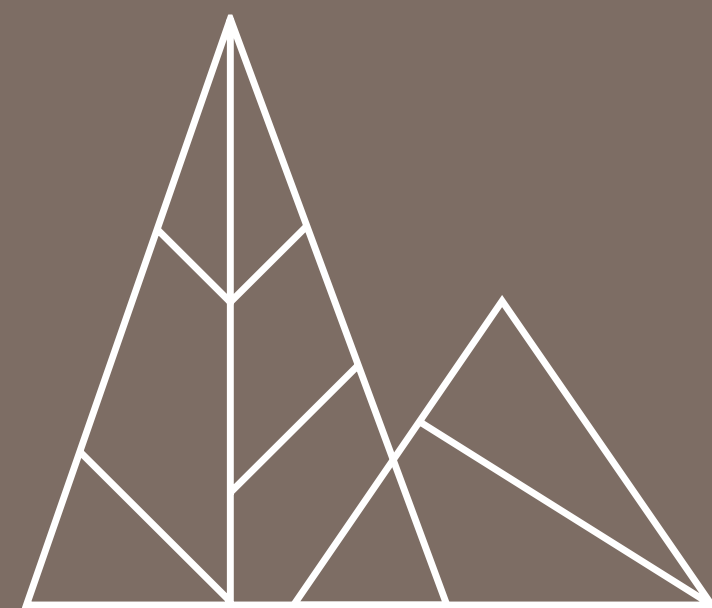


3rd QUARTER
2023

Financial Results
Conference Call Presentation
November 15, 2023

Gianfranco Truffello
Chief Financial Officer



Disclaimer

This presentation contains forward-looking statements that are based on the beliefs, assumptions and expectations of the management of the Company based on currently available information.

They involve risks and uncertainties because they relate to future events or expectations and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Arauco and could cause results to differ materially from those expressed in such forward-looking statements. For further discussion of these risks and uncertainties, investors should refer to quarterly and annual Arauco filings with the Chilean CMF and US SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements due to new information or future developments.

This presentation contains certain performance measures that do not represent IFRS definitions, as “EBITDA” and “Net financial debt”. These measures cannot be compared with the same previously used by Arauco and the same used by other companies.

HIGHLIGHTS

▶ Quarterly figures, in US\$ million

Revenues
US\$1,595
13.2% QoQ

Net Income
-US\$173
267.2% QoQ

Adj. EBITDA
US\$243
7.1% QoQ

LTM Adj. EBITDA
US\$1,045
-22.9% QoQ

Net Debt to EBITDA
6.00x

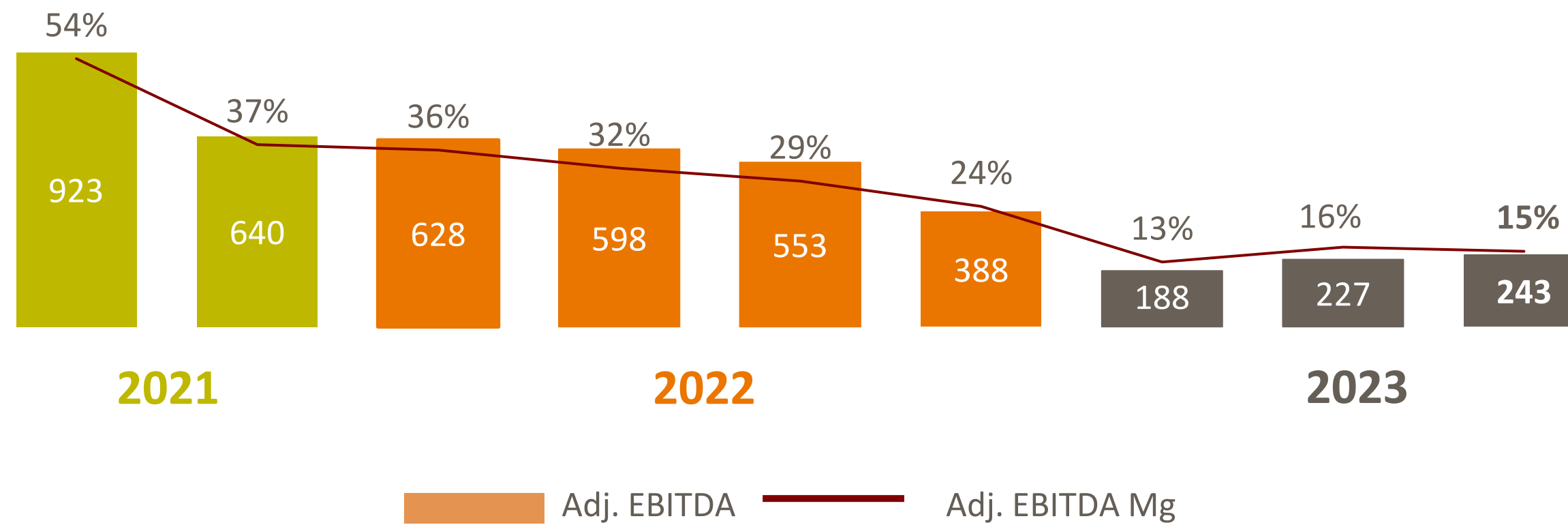
Pulp production
increased **283kt**
QoQ (+35%)



EBITDA & INCOME STATEMENT

ADJUSTED EBITDA

► In US\$ million



Breakdown by division

Pulp	144
Wood Products	133
Consolidated Adj. & Others	-35



- Adjusted EBITDA during the third quarter reached US\$242.6 million.
- There was an increase of 43.7% in the Adjusted EBITDA of our pulp business segment, mostly associated to an increase in sales volume.
- In the Adjusted EBITDA of our wood products business segment, there was a decrease of 12.6%.

INCOME STATEMENT

► In US\$ million

	Q3 2023	Q2 2023	Q3 2022	QoQ	YoY
Revenue	1,594.9	1,408.9	1,879.4	13.2%	-15.1%
Cost of sales	(1,293.2)	(1,195.6)	(1,123.6)	8.2%	15.1%
Gross Profit	301.7	213.3	755.7	0.4	-0.6
Other income	76.9	159.2	72.8	-51.7%	5.6%
Distribution costs	(184.5)	(172.2)	(240.2)	7.1%	-23.2%
Administrative expenses	(159.3)	(161.2)	(146.7)	-1.2%	8.6%
Other expenses	(146.1)	(38.6)	(78.8)	278.3%	85.5%
Financial income	33.1	28.2	21.0	17.5%	57.6%
Financial costs	(100.1)	(92.4)	(42.7)	8.3%	134.5%
Participation in (loss) profit in associates and JVs*	(3.2)	10.1	(2.7)	-131.5%	20.1%
Exchange rate differences	(43.7)	(19.9)	(18.9)	119.6%	131.2%
Income before income tax	(225.1)	(73.6)	319.5	205.6%	-170.4%
Income tax	52.1	26.5	(70.7)	96.3%	-173.7%
Net income	(173.0)	(47.1)	248.9	267.2%	-169.5%

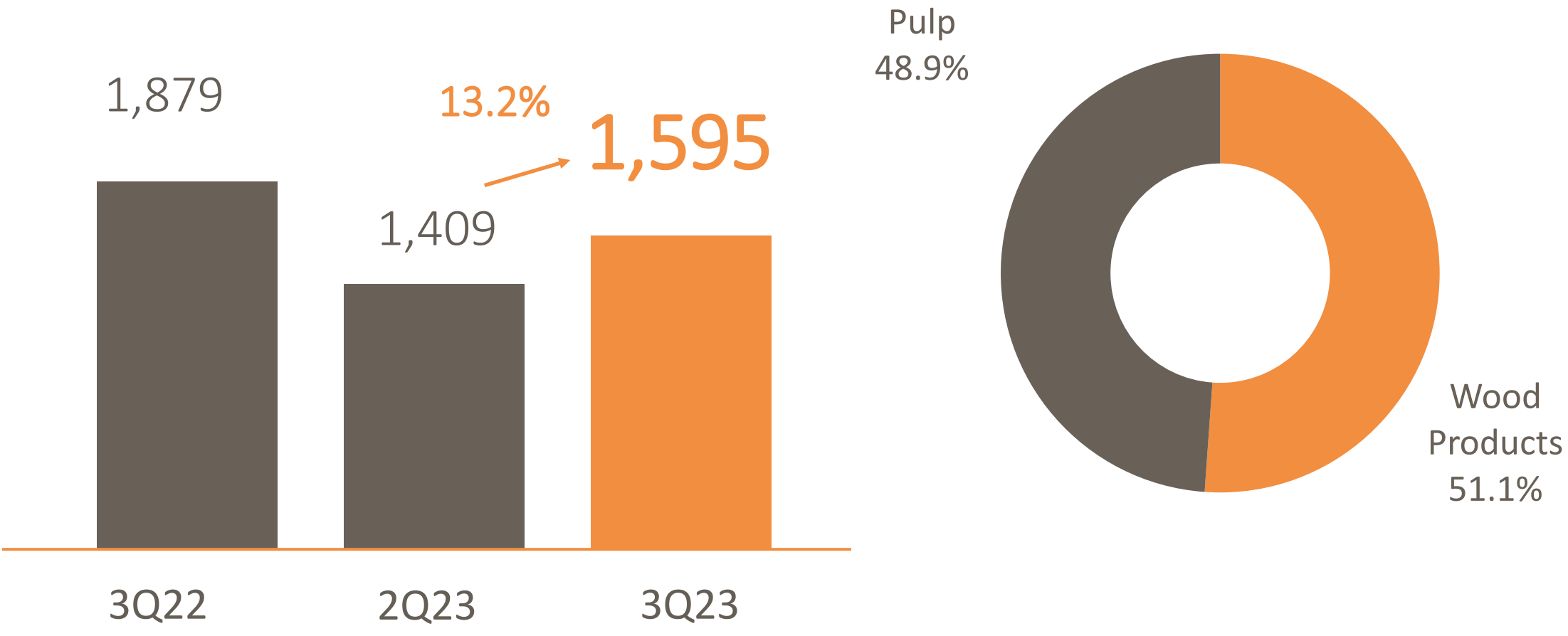
* Accounted using the equity method.

INCOME STATEMENT – REVENUES & COST OF SALES

► In US\$ million

Revenues increased 13.2% compared to the second quarter of 2023 and decreased 15.1% compared to the third quarter of 2022 .

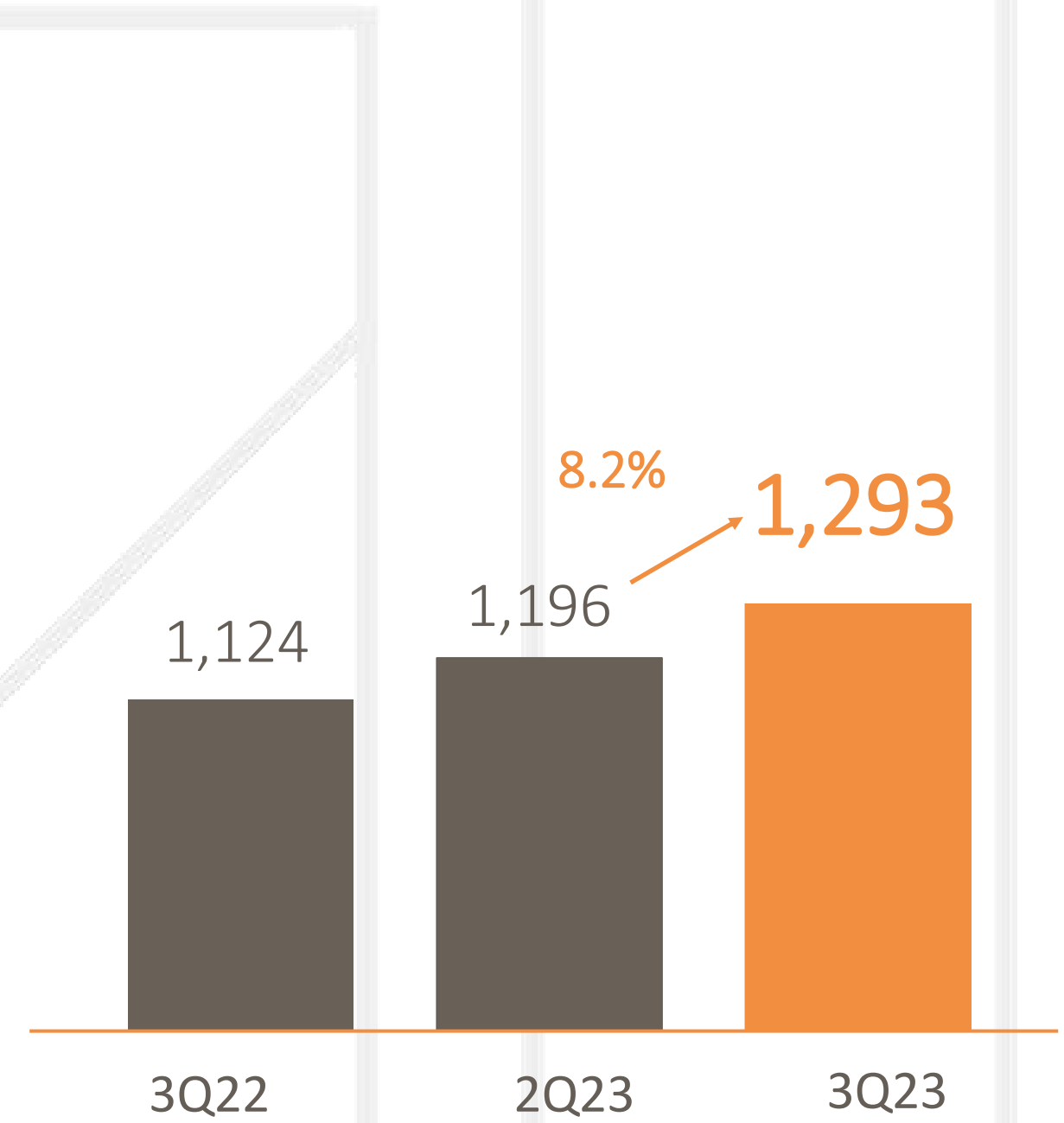
- Pulp revenues increased by US\$192.6 million or 32.8%, mainly driven by a 43.1% increase in sales volume, offset by a 7.0% decrease in average prices.
- Wood products revenues decreased by US\$6.7 million or 0.8%, mainly , due to a 1.9% and 0.4% decrease in average prices and sales volume, respectively.



Cost of sales increased by 8.2% or US\$97.5 million compared to the second quarter, mainly due to increases in *Timber* and *Forestry labor costs* due to higher sales volume.

Pulp unitary sale costs QoQ

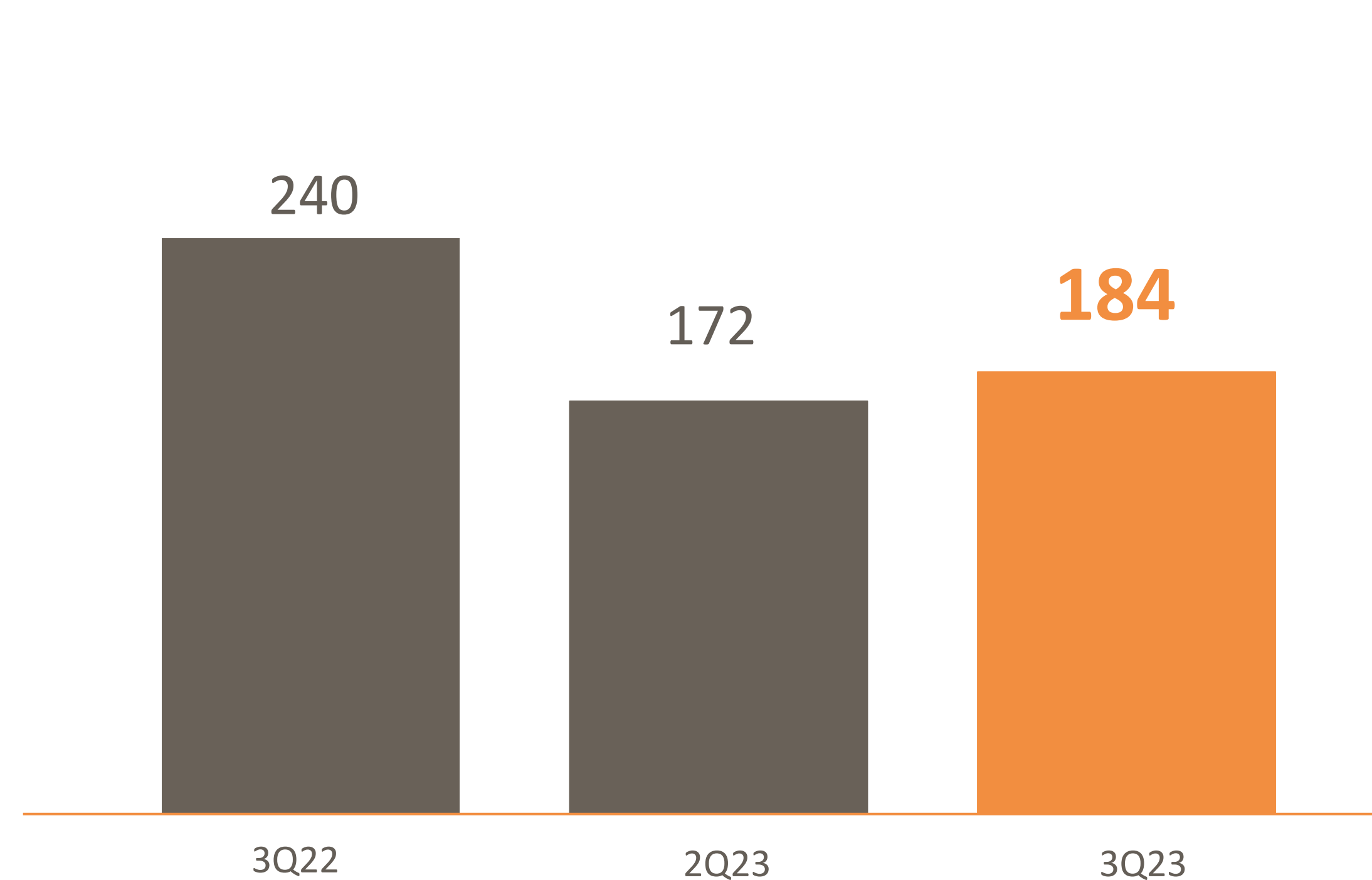
Softwood bleached pulp	▼	-4.2%
Hardwood bleached pulp	▼	-9.0%
Unbleached softwood pulp	▼	-7.9%
Dissolving pulp	▲	3.8%



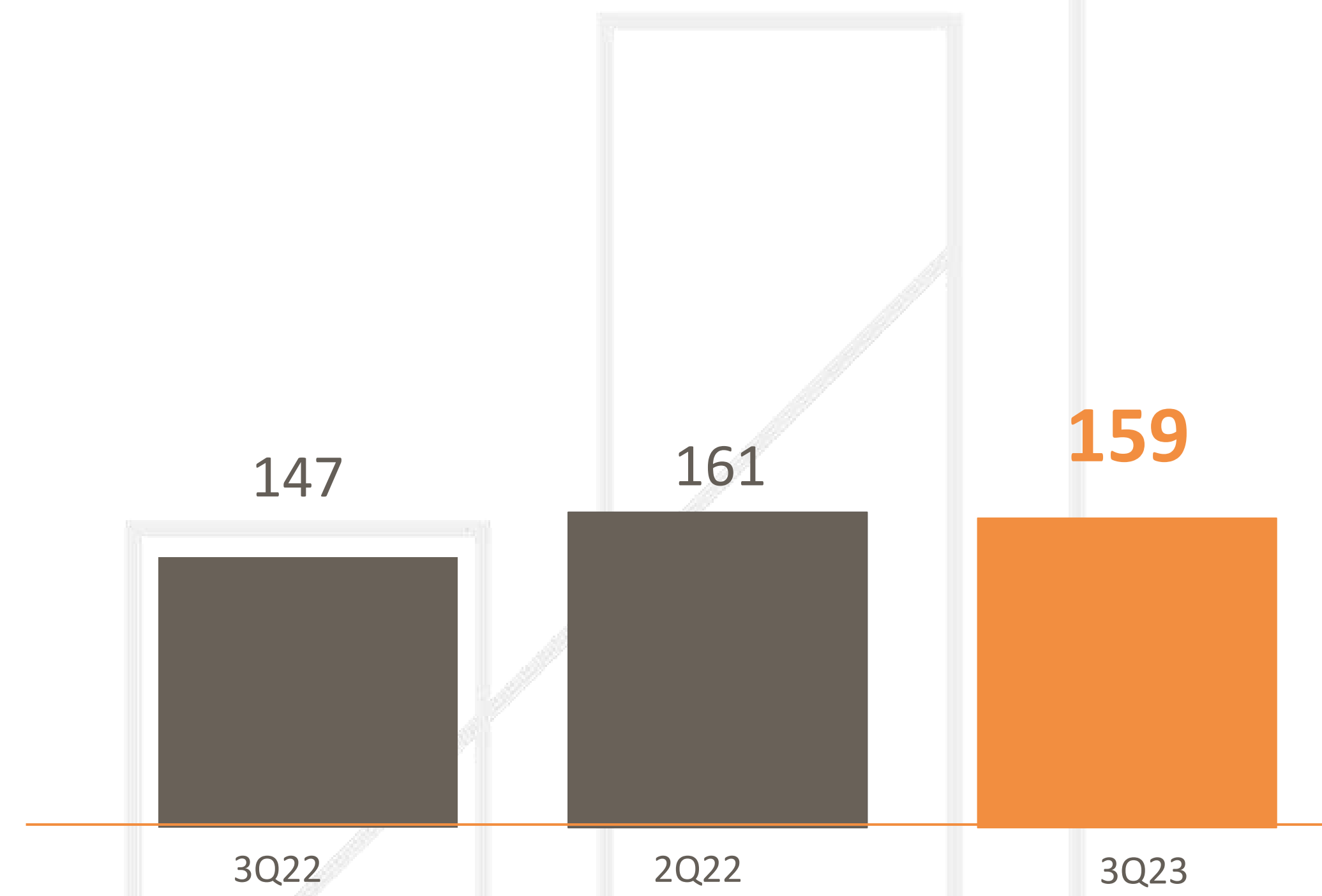
INCOME STATEMENT – DISTRIBUTION COSTS & EXPENSES

► In US\$ million

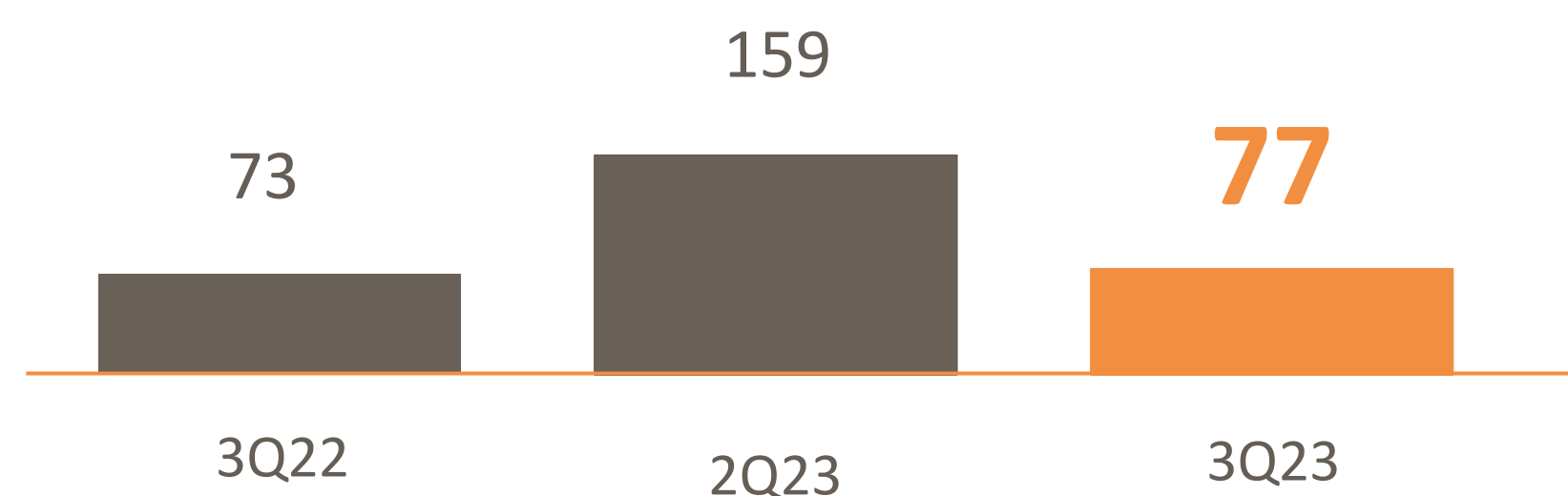
Distribution costs increased by US\$12.3 million or 7.1% mostly due to an increase of US\$12.2 million or 9.4% in *Freight costs*, mainly explained by higher sales volume in our pulp division.



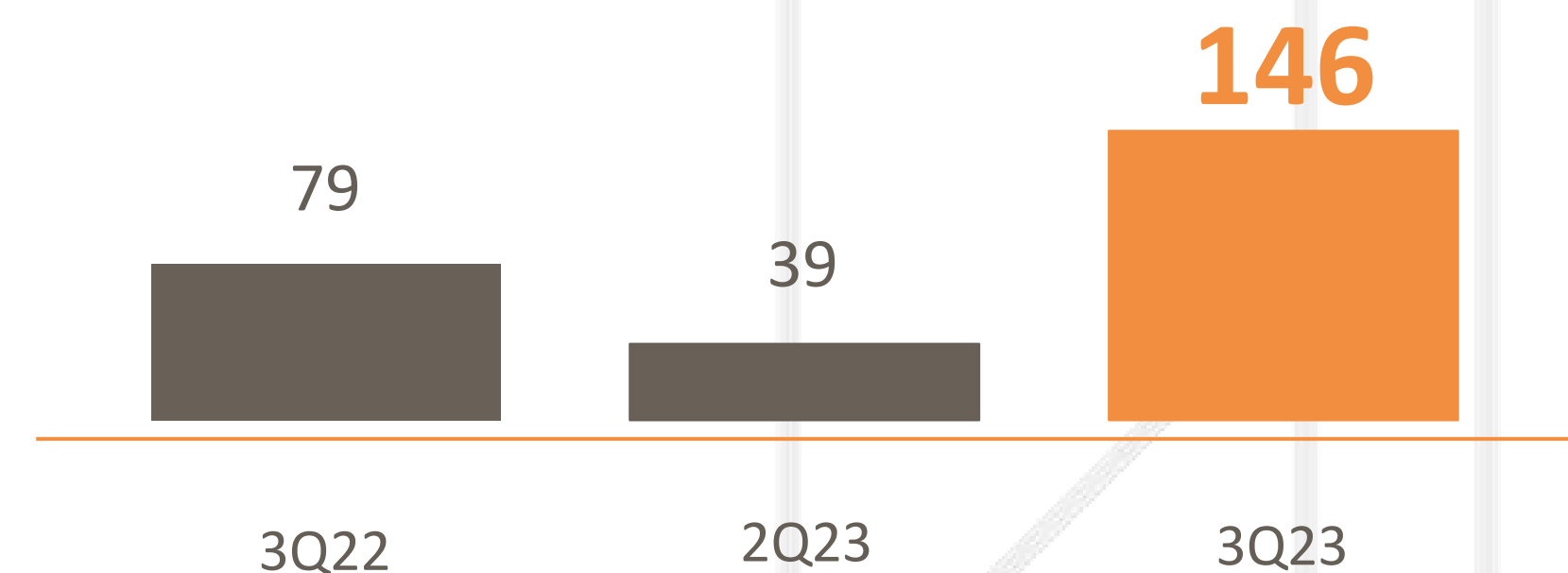
Administrative expenses decreased by US\$1.9 million or 1.2%. This is mostly due to a decrease in *Computer services* and *Property taxes, patents and municipality rights*, partially offset by an increase in *Insurance*.



► In US\$ million



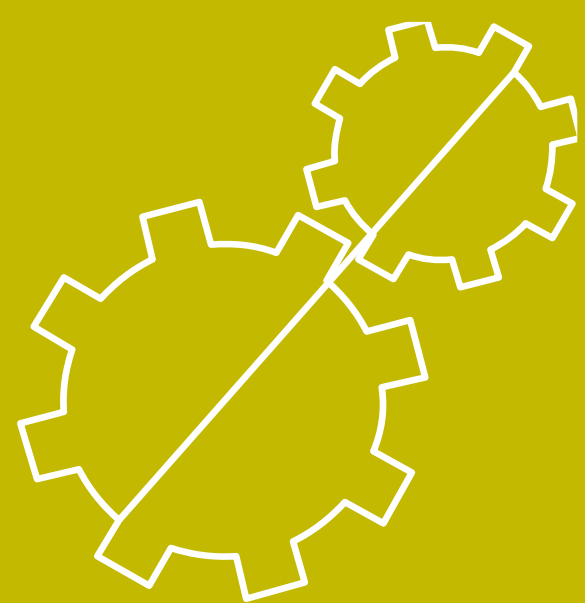
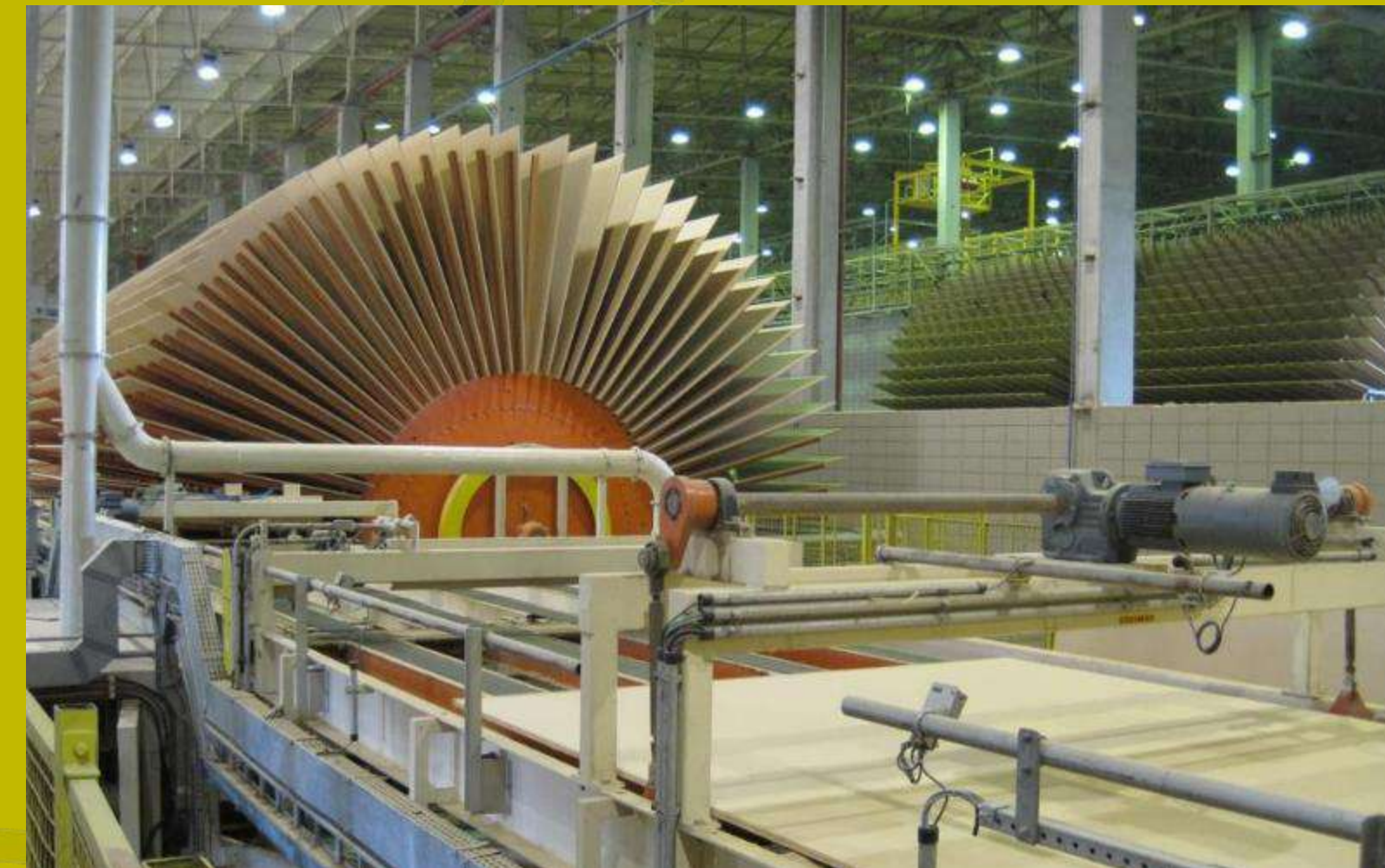
Other income decreased by US\$82.3 million or 51.7% mostly due to the US\$72.0 million insurance payment accounted for the previous quarter related to our Valdivia mill.



Other expenses increased by US\$107.5 million or 278.3%, mainly explained by an increase in *Impairment provision property, plant and equipment and others*, due to:

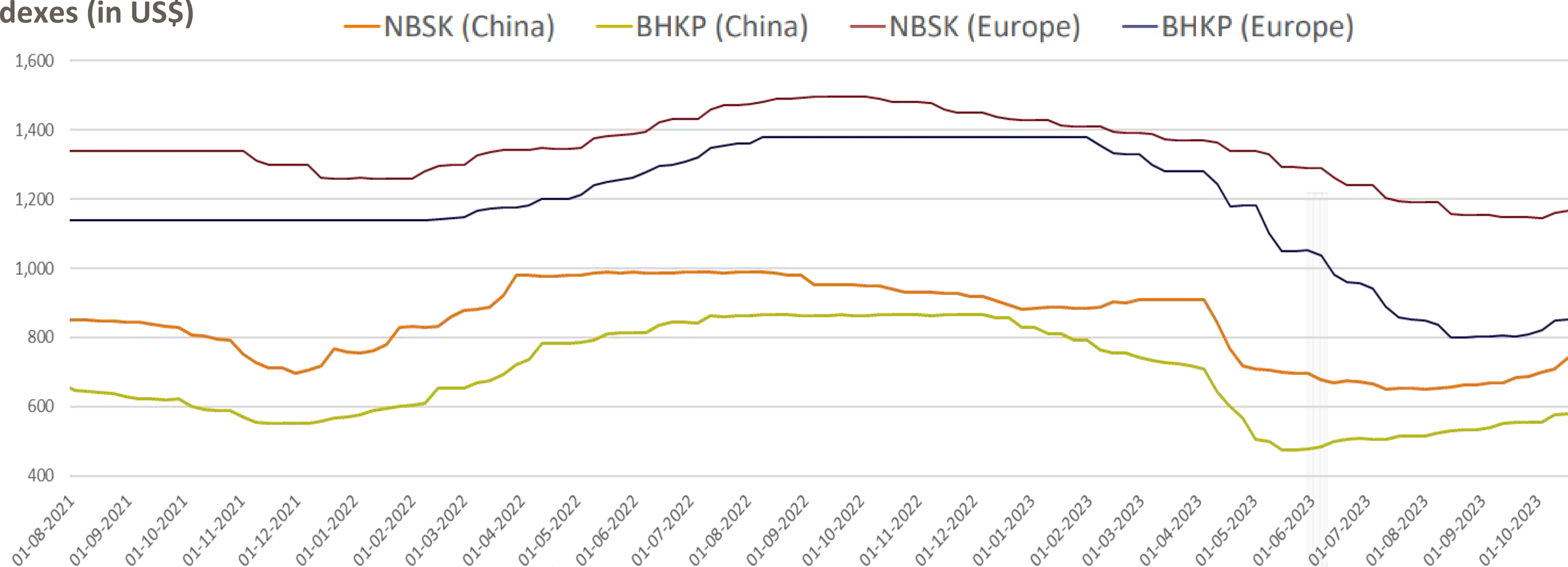
- the indefinite stoppage of our Licancel mill (a total of US\$75.3 million impairment before tax was accounted in this quarter),
- the permanent shut down of our Horcones II sawmill in Chile (US\$6.0 million impairment accounted for this quarter).

In addition, there was a decrease in relation to loss of forests due to the US\$22.8 million gain accounted last quarter related to a provision for the insurance claim.



REVIEW BY BUSINESS SEGMENT & OUTLOOK

PIX Pulp Indexes (in US\$)



Nov 7th

NBSK

Δ:297.7

Spread at the previous call:
US\$358.4/ton

BHKP

NBSK

Δ:147.4

Spread at the previous call:
US\$125.6/ton

BHKP

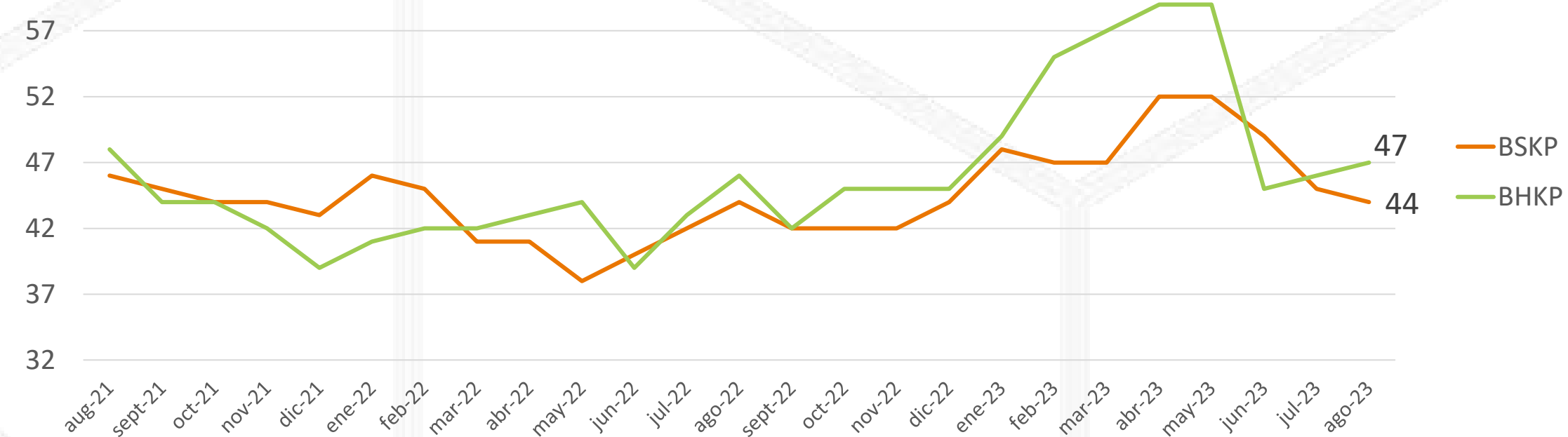
Source: RISI

Global Bleached Chemical Pulp Shipments variation – (8 months 2022 – 2023)

Global BCP Shipments Change (tonnes)			
	2022	2023	%Var.
China	12,715	16,500 ▲	29.8%
Europe	11,415	9,445 ▼	-17.3%
Other Asia	6,790	5,970 ▼	-12.1%
USA	4,525	4,055 ▼	-10.4%
Rest of the World	3,140	3,330 ▲	6.1%
Total	38,585	39,300 ▲	1.9%

Source: Hawkins Wright (Jan to Aug)

Global BCP Producer Stocks In days of supply



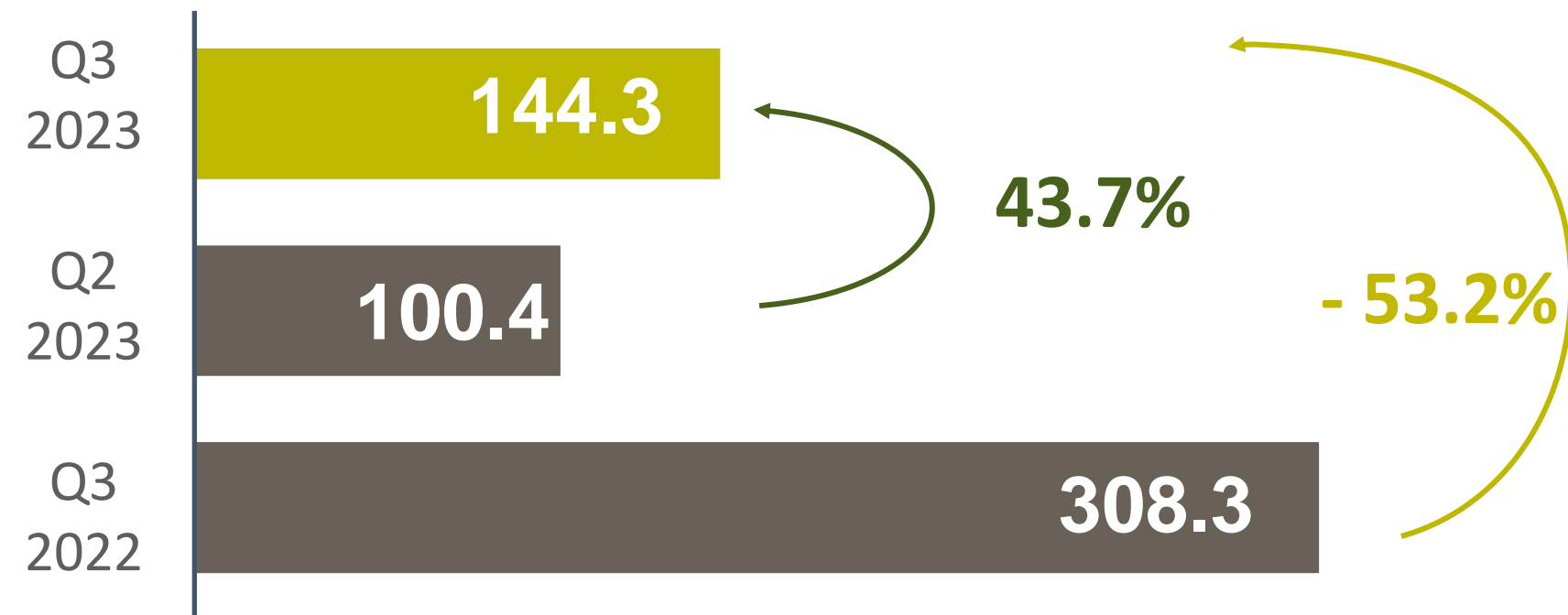
Excludes Russia & Indonesia
Source: Hawkins Wright

PULP / ADJUSTED EBITDA

REVIEW BY BUSINESS SEGMENT & OUTLOOK

Adjusted EBITDA

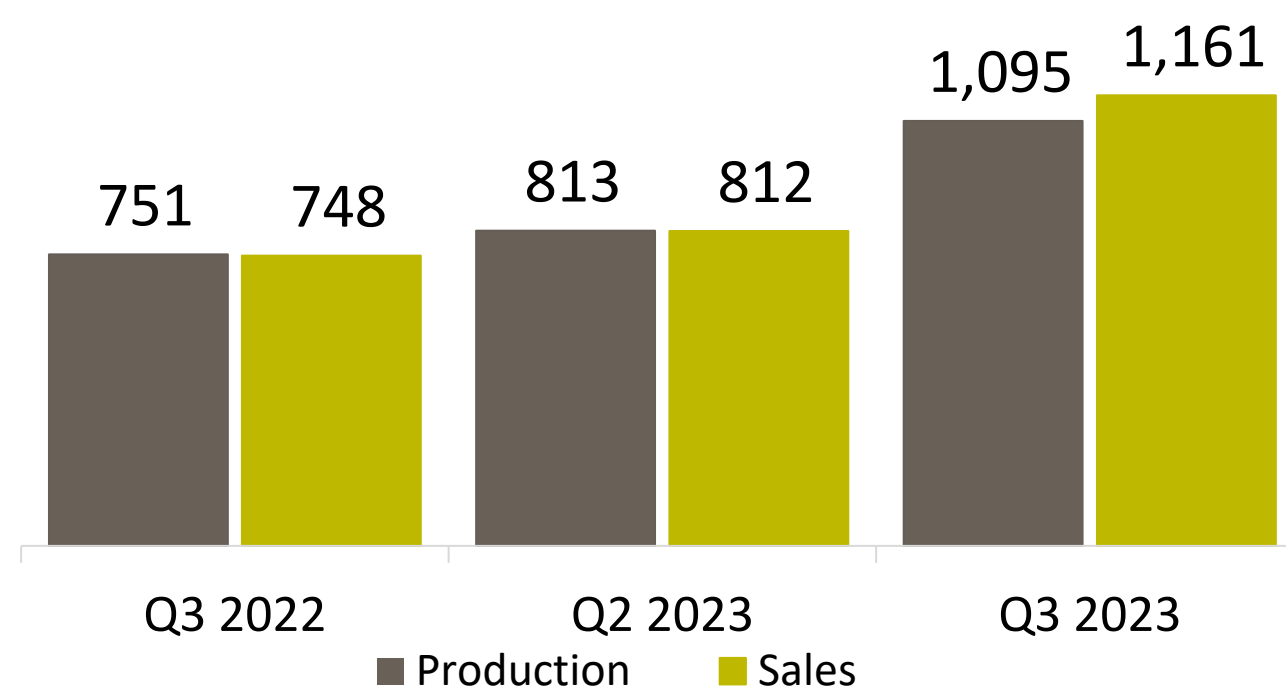
In US\$ million



	Price	Volume	Sales
QoQ	-7.0%	43.1%	32.8%
YoY	-34.8%	55.2%	2.0%

Production and Sales Volume

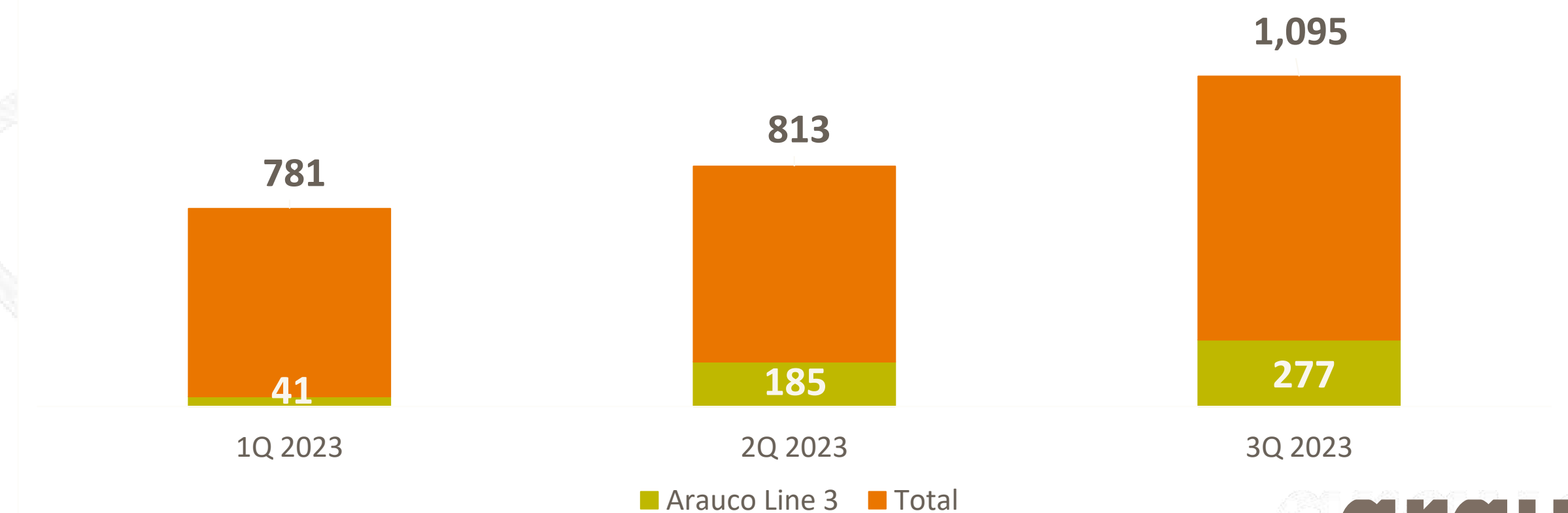
In thousand tons



3Q 2023

- Market improved throughout the quarter, despite a weak start and higher supply observed in several markets. Global inventories dropped as the quarter passed, which helped strengthen demand.
- In **China** we observed an increase in demand for pulp and paper and a decrease in inventories of some paper segments, causing mills to increase their operating rate and announce price increases for their products, improving margins
- In **Europe**, demand for paper remained weak with small signs of recovery towards the end of the quarter.
- The **dissolving pulp** market was stronger due to an improvement in the viscose market. Viscose mills began with low inventories and increased their operating rate throughout the quarter, leading to price increases .
- Production during the third quarter of 2023 increased by approximately 283 thousand tons (+34.7% QoQ), with Arauco's Line 3 increasing its production by 92 thousand tons (+49.5% QoQ).

Total Production (Th Tons)



For the fourth quarter of 2023,

- For the coming few months until the Chinese New Year, we expect China to continue to be active accompanied by stable prices with limited possible price increases.
- China will continue to be the main driver of the pulp market and therefore the rest of Asia and Europe will follow price increases, even with still a limited demand, especially in Europe.
- On the other hand, exports from China to Europe and North America have helped Chinese demand and put more pressure in some grades of paper in the European market.
- Spot market in Middle East is also active and prices have experienced significant increases, a sign that pulp availability and inventories are low or balanced.

Pulp Mills Days of Stoppages

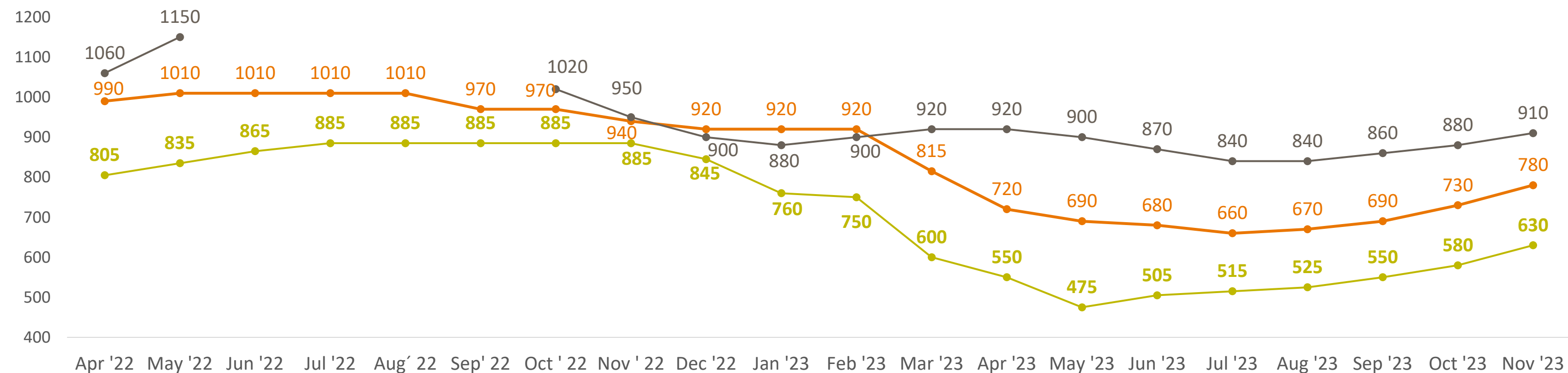
Mill	2023			2024	
	2Q	3Q	4Q	1Q	2Q
Arauco - Line 2			16		
Arauco - Line 3				11	
Constitución	117				15
Licancel		14			
Nueva Aldea		17			
Valdivia		126			
Esperanza	35		16		
Montes del Plata	15				12

Finished

In Progress

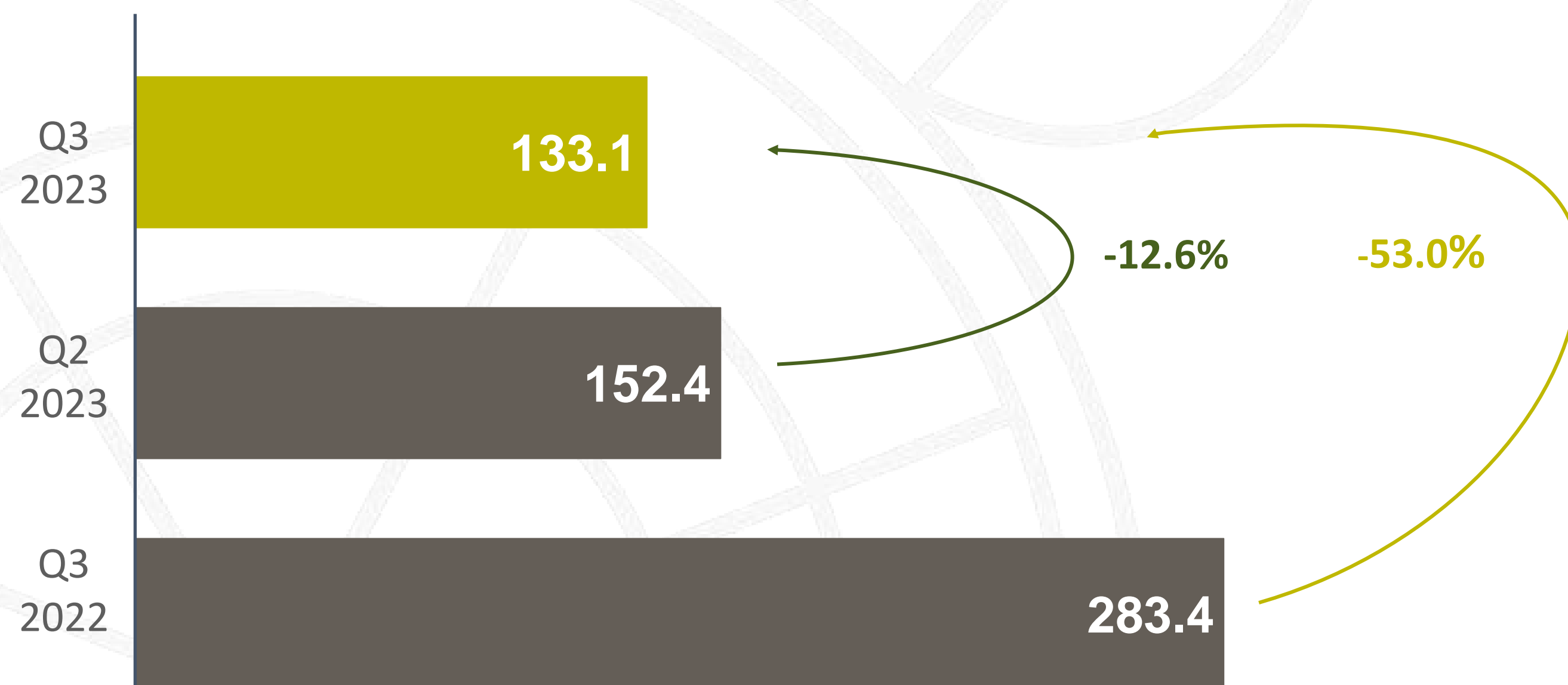
Planned

BSKP, BHKP and DP Net Prices - China



Source: ARAUCO

Adjusted EBITDA
In US\$ million



Q3 2023

Adjusted EBITDA of our wood products business segment decreased 12.6%, mostly due to a 1.9% and a 0.4% decrease in average prices and sales volume, respectively.

Wood Products

	Price	Volume
QoQ	-1.9%	-0.4%
YoY	-18.8%	-11.3%

Panels*

	Price	Volume
QoQ	-5.1%	-0.4%
YoY	-15.5%	-11.2%

Solid Wood**

	Price	Volume
QoQ	5.5%	-0.4%
YoY	-25.1%	-11.6%

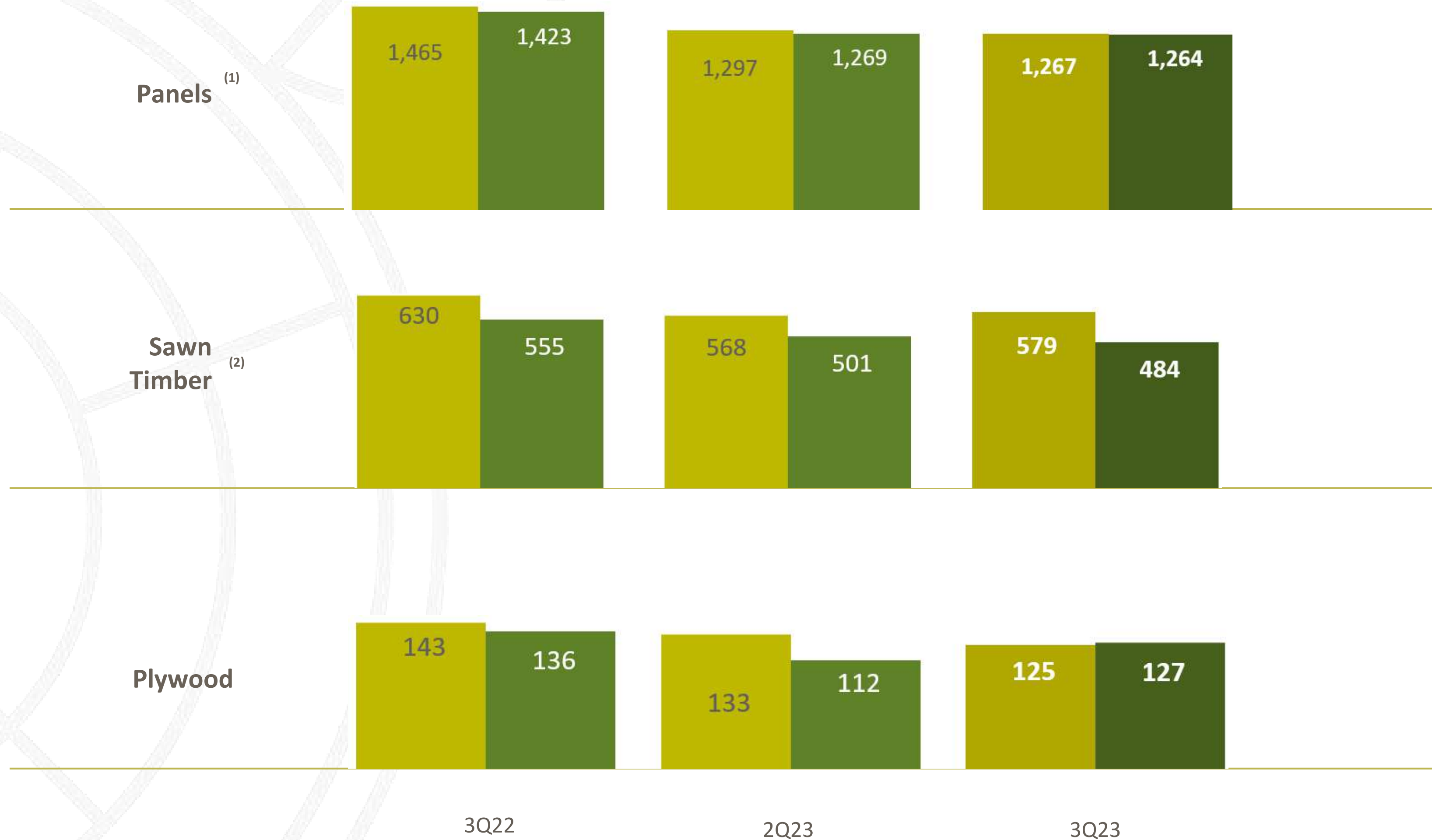
*MDF, PBO, HB

**Sawn Timber, Remanufactured Wood products and Plywood

WOOD PRODUCTS PRODUCTION AND SALES VOLUME

REVIEW BY BUSINESS SEGMENT & OUTLOOK

► In thousand m³



(1) Includes PB, MDF and OSB, Composite Panels and Retail Panels

(2) Includes sawn timber, kilned sawn timber, remanufactured wood products, pallets

Note: Sales include trading

● Production ● Sales

48%

**North
America**

MDF:

- Higher supply continues to be seen for the rest of the quarter.
- Prices and sales decreasing while producers operating at a 70% rate.

PB:

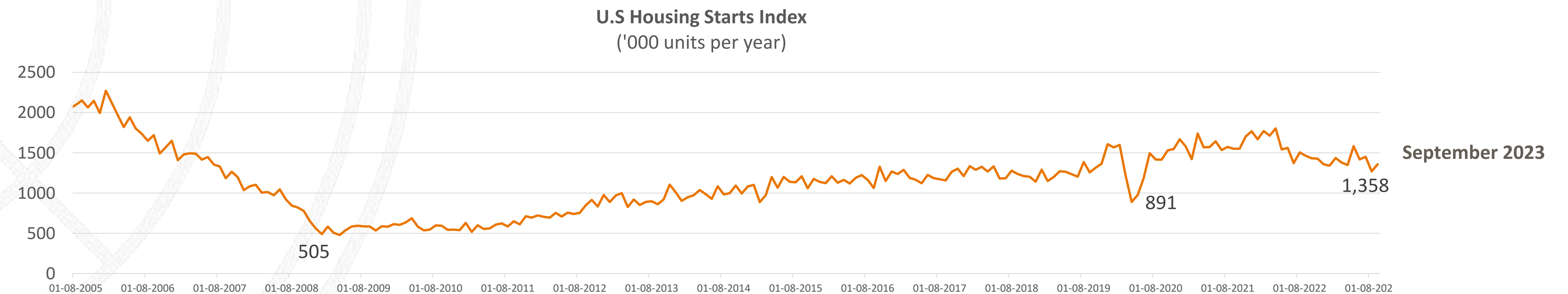
- Relatively better situation than MDF with less oversupply.
- Prices have continued to decrease.

REMANUFACTURED PRODUCTS:

- Higher supply has continued to affect the market.

PLYWOOD:

- We expect the market to remain stable for the rest of the year.



Source: Bloomberg

37%

**Central and
South America**

12%

**Asia and
Oceania**

3%

**Europe and
Middle East**

BRAZIL:

- The market remains competitive with an oversupply accompanied with a slow demand.

CHILE:

- Some uncertainties due to slow construction activity which is expected to continue for the rest of the year.

ARGENTINA:

- Argentina is improving for the rest of the year, especially in MDF and value added-products.

ASIA:

- Market has remained slow with slight price increases and some improvement in demand in some products, yet uncertainty continues beside a lower economic growth.

OCEANIA:

- High supply which has continued to affect the demand. We expect the market to improve gradually.

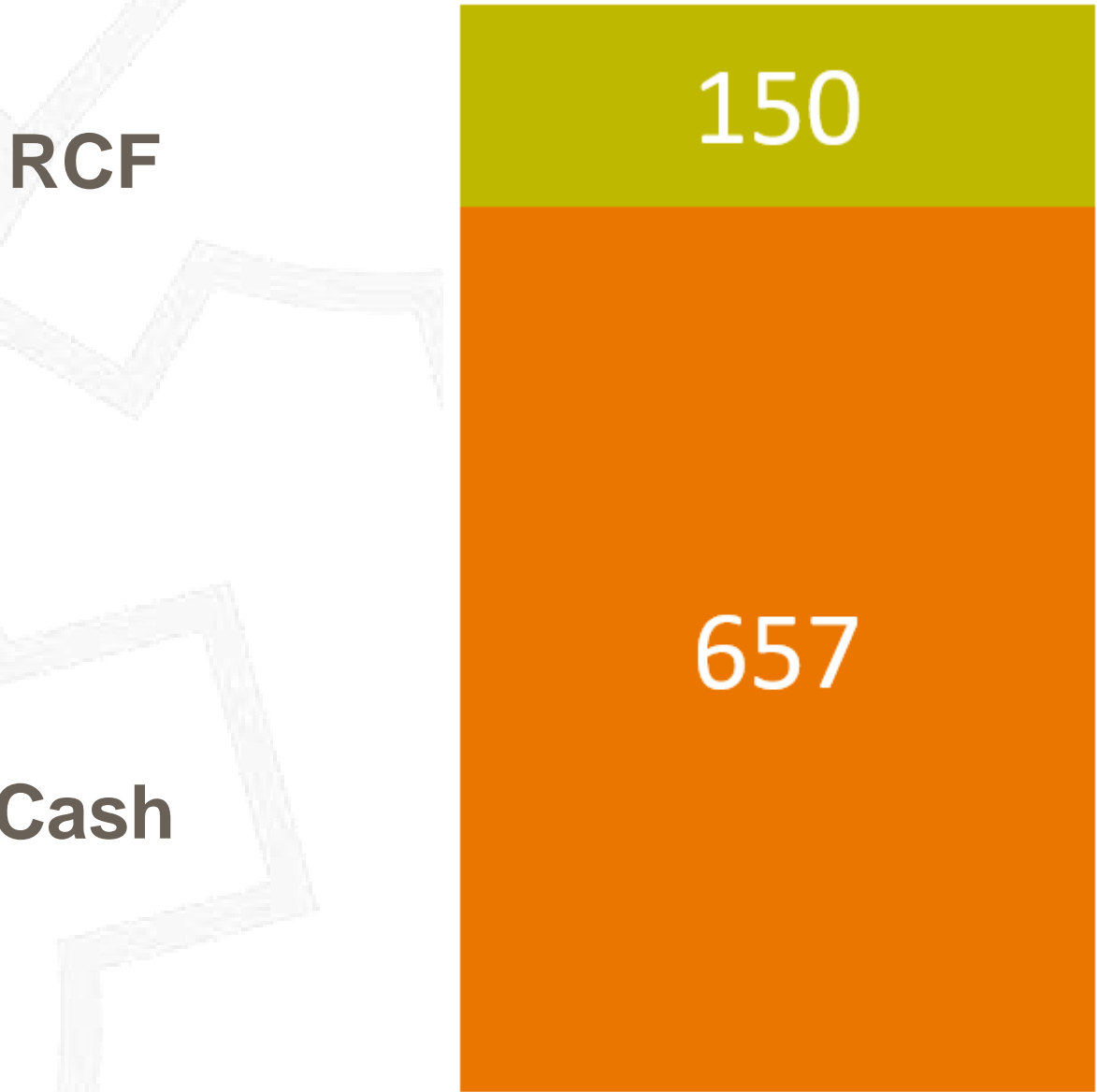
- We expect plywood sales volumes will increase slightly. There is uncertainty for what will happen for the rest of the year yet lower supply might help the market.



FINANCIAL REVIEW

CASH AND LIQUIDITY

Our cash position was US\$656.5 million at the end of the third quarter of 2023. In addition to our cash position, we have a revolving credit facility (RCF) for a total amount of US\$375 million due in February 2025 of which US\$225 million were withdrawn in June.



Total: US\$807 million

FREE CASH FLOW

► In US\$ million

	Q3 2023	Q2 2023					
Adjusted EBITDA	242.6	226.6					
<i>Working Capital Variation</i>	15.9	(84.1)					
<i>Interest paid and received</i>	(20.2)	(69.7)					
<i>Income tax received (paid)</i>	47.4	(47.7)					
<i>Others</i>	(14.1)	20.5					
Cash from Operating Activities	271.6	45.5					
<i>Capex (1)</i>	(315.0)	(374.4)					
<i>Others</i>	(1.7)	(21.2)					
<i>Proceeds from investment activities</i>	5.1	1.2					
Cash from Investment Activities	(311.5)	(394.5)					
Cash from Financing Activities (net of debt)	(31.7)	(302.3)					
Effect of exchange rate changes on cash	(51.3)	(3.4)					
Free Cash Flow	(122.9)	(654.6)					

	Net Debt Q2 23	Free Cash Flow	Exchange rate/ inflation variation	Accrued interest variation	Leasing Variation	Net Debt Q3 23
	6,214.5	122.9	(183.1)	8.7	107.8	6,270.8

(1) On a cash basis.

Cash flows received from operating activities increased US\$226.1 million mostly due to *Working capital variation* and *income tax paid (received)*.

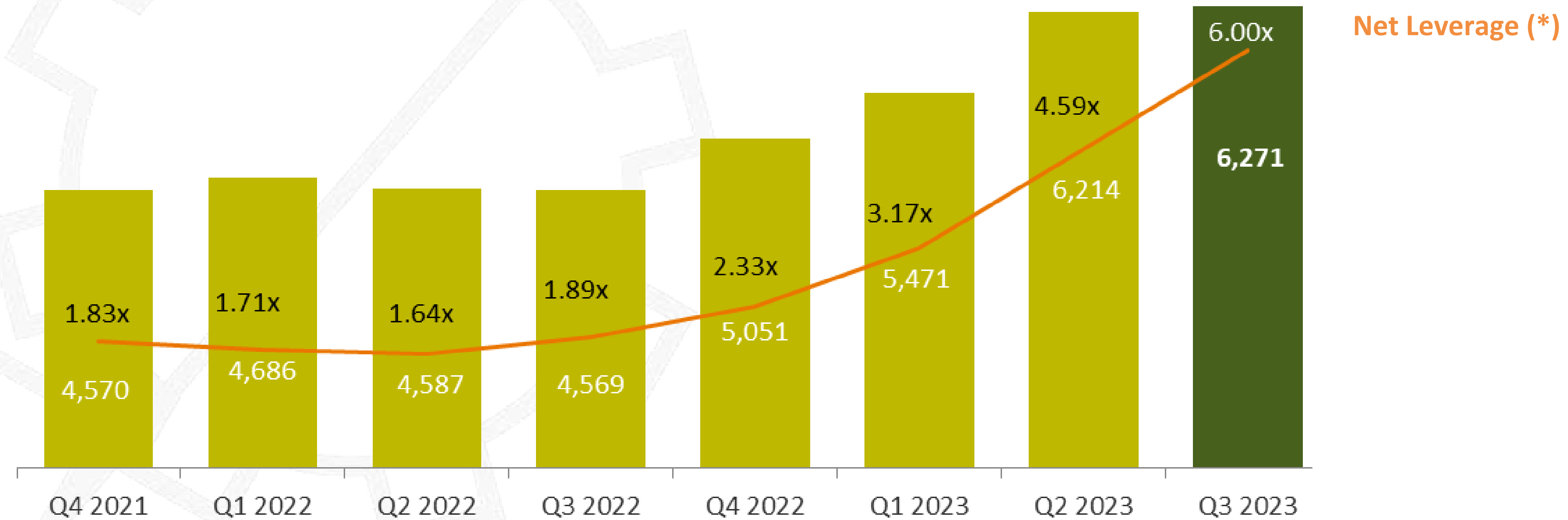
Cash flows used in investment activities decreased US\$83.0 million, mostly due to a decrease in *CAPEX*.

Cash flows from financing activities decreased by US\$270.5 million mostly due to the dividends paid during the second quarter of 2023.

► Net Debt increased by US\$56.3 million or by 0.9%, mostly due to a negative *free cash flow* and *leasing variation*, partially offset by *exchange rate/inflation variation*.

NET FINANCIAL DEBT

► In US\$ million



Cash and cash equivalents decreased by 14.1% or US\$108.1 million.

Total Financial Debt decreased by 0.7% or US\$51.7 million.

LTM Adjusted EBITDA was US\$1,044.8 million, 22.9% lower QoQ.

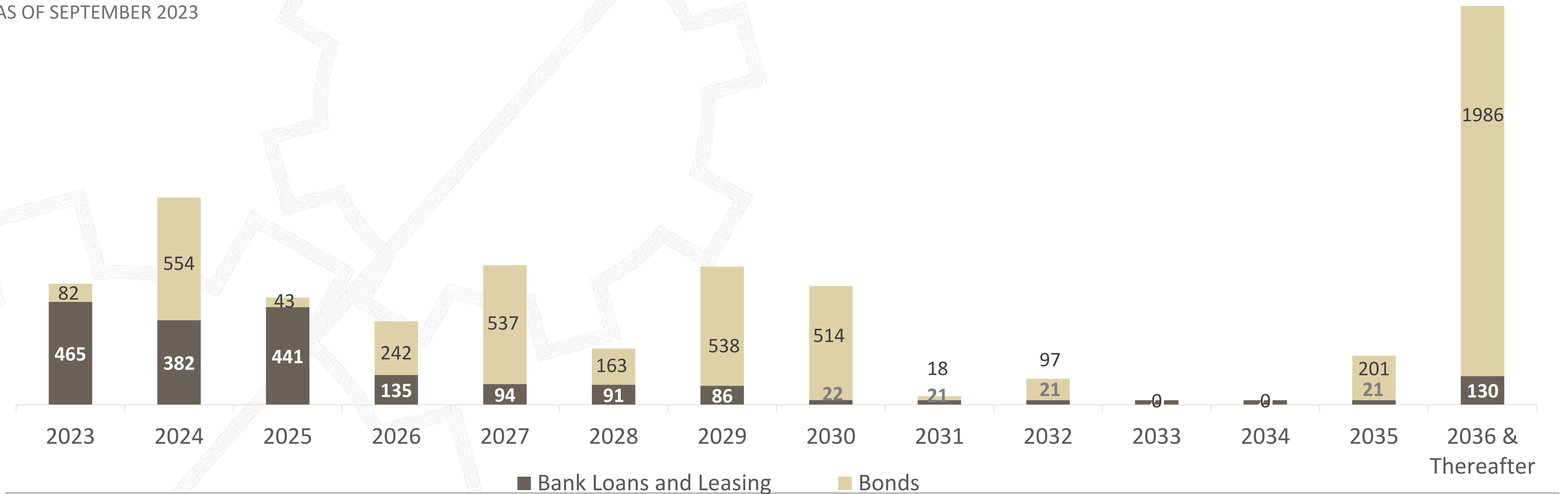
Net Leverage (*) increased from 4.59x to 6.00x.

	September 2023	June 2023
Short Term Debt	1,353	827
Long Term Debt	5,574	6,152
Total Debt	6,927	6,979
Cash	657	765
Net Debt	6,271	6,214

(*) Net Debt / LTM Adjusted EBITDA

DEBT PROFILE

► In US\$ million
AS OF SEPTEMBER 2023



BANK OBLIGATIONS FOR 2023 INCLUDE:

- US\$ 439 million in bank loans.
- US\$ 26 million in leasing.

BOND OBLIGATIONS FOR 2023 INCLUDE:

- US\$ 44 million in local bond obligations.
- US\$ 38 million in USD-denominated bond obligations.



MATERIAL FACTS AND NEWS

MATERIAL FACTS AND NEWS

Licancel Mill, Chile

Licancel Pulp Mill, located in Licantén, Maule Region, had to stop its operations completely on August 21st, 2023 as the result of the overflow of the Mataquito River caused by the severe weather conditions that affected the central-southern zone of Chile. It has been necessary to take the regrettable decision to indefinitely suspend the pulp manufacturing process at the mill.

We recorded an impairment provision for assets for a net amount of deferred taxes of approximately US\$ 55 million, notwithstanding the fact that detailed analyses are being conducted to determine the final figure.



Arauco Mill Line 3, Chile *Update*

Arauco's Line 3 sales volumes have been increasing within the past months along with positive feedback from our clients. Production has continued increasing as expected with no significant issues, reaching approximately 504 thousand tones as of September 30th 2023 of which, 84.0% or 423 thousand tones were prime pulp. We expect to reach full capacity in the first quarter of 2024 in line with our scheduled ramp-up.



Photovoltaic Power Station, Brazil

We have taken another important step towards a greener and more efficient future. Our Jaguariaíva (PR) unit was chosen for a pilot photovoltaic power station project, considering the installation of 811 photovoltaic panels of 555 kWp in an area of approximately 1,700 m².

Last year, Arauco Brazil reached a milestone in our energy matrix:

- 67% of the energy consumed coming from the burning of biomass,
- more than 30% of renewable electricity purchased

This achievement demonstrates our commitment to reduce our carbon footprint and its reliance on non-renewable sources.



Fire Prevention and Firefighting Strategy 2023-2024

We have been preparing for the coming fire season with an in-depth fire prevention and firefighting strategy, mainly focused on protecting our forests, as well as the rural localities and urban areas of communities which have been historically affected by fires. The following are some of our resources:

- More than 119 professional land brigades
- 16 high-performance heliborne professional brigades.
- 63 new professional forestry firefighting brigades.
- The Night Brigade: more than 264 professional members.
- 2 Air Crane Helicopters and a Super Puma Helicopter
- Mobile- App designed to provide forestry brigades with the best route to fight fires in the shortest time possible



TAKEAWAYS

- We have been facing a **challenging period** during this year, reinforcing the importance of approaching our business with a broad perspective that combines **market knowledge, stakeholder engagement, investment grade commitment, shared value creation** and **decisive environmental management**.
- Current prices in BHKP and BSKP are US\$120 and US\$83 more than the average prices of 2Q 2023. Additionally, pulp production increased 35% mostly due to Arauco Line 3, Valdivia and Nueva Aldea mills.
- Arauco's line 3 is producing as expected with positive feedback from our clients and is expected to reach full capacity in the first quarter of 2024.

4Q 2023
RESULTS &
CONF CALL

END-FEB
2023



arauco



Q&A

INVESTOR RELATIONS

A replay of this conference call will be available on the IR section of our web site and through the following numbers until August 25, 2023

Replay for USA	+1-877-344-7529
Replay for other countries	+1-412-317-0088
Replay Access Code	1115773

FOR FURTHER INFORMATION

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